

IMPROVING THE QUALITY OF SME TOURIST SERVICES

(TC-99-09-00-8)

EXECUTIVE SUMMARY

Executing agency:	Nicaraguan Tourism Board [Instituto Nicaragüense de Turismo] (INTUR)
Benefits and beneficiaries:	<p>The direct beneficiaries will be: (i) 6,000 entrepreneurs and/or employees of 1,000 tourist businesses who have received training under the voucher-based training program; (ii) 40 instructors receiving advanced training in curriculum and teaching methodology; and (iii) 2,000 members of the Nicaraguan Association of Small and Medium-sized Tourism Enterprises and Microenterprises (CANTUR) who stand to benefit from an entrepreneurial network with enhanced capacity to manage and obtain benefits for its members. Another beneficiary will be the national tourist industry in general since INTUR will be better equipped to regulate the quality of service provided by the private sector.</p> <p>The beneficiaries of the 1,000 businesses that will be taking part in the project include women entrepreneurs (who account for 60% of the target group) and women employees who provide tourism-related services (55%). Businesses outside Managua will also benefit, especially in isolated rural areas that have high poverty levels (between 30% and 40% of CANTUR's members), including the autonomous regions on the Atlantic Coast, which display rich ethnocultural diversity and hold environmentally sustainable tourism potential.</p>
Objectives:	The general objective of the project is to improve the competitiveness of Nicaragua's tourism industry. The specific objective is to raise the quality of services provided by small and medium-sized enterprises (SMEs) in this sector by encouraging investment in training for entrepreneurs and workers and strengthening their capacity to form associations and organize at the national level.
Description:	The project is divided into three components: (i) the development of training processes for tourism SMEs, (ii) implementation of a national tourism quality-control system (SNCT), and (iii) strengthening of CANTUR.

The aim of component 1 is to establish and set in motion a training process for owners and employees of tourism SMEs that would offer relevant training services on a systematic basis. Also, instructors located across the country will receive training so that training services are available in a competitive environment accessible to all businesses. To make it easier to implement the new training system and to respond more effectively to the needs of SMEs, this component will include an incentive in the form of a voucher program.

Component 2 will help strengthen INTUR as the regulatory and policy-setting body for the sector. To this end, it will receive assistance in introducing the SNCT and in strengthening the Registration and Regulation Department, the unit within INTUR that is charged with implementing the new system.

The activities proposed for component 3 will consolidate CANTUR's position as a leading business association to facilitate the development and productivity of its members, particularly through economies of scale in purchasing and transport, exchanges of ideas and the sharing of experiences between members, and maximizing the use of opportunities for collaboration.

Financing:

Modality: Nonreimbursable	
MIF Small Enterprise Development	
Facility (III-A):	US\$ 817,000
Local counterpart:	US\$ 386,000
Total:	US\$1,203,000

Execution timetable:

Execution period:	36 months
Disbursement period:	42 months

Environmental and social review:

The Committee on Environment and Social Impact reviewed and approved the project profile on 11 June 2001. Its recommendations are reflected in this document (see paragraphs 3.6 and 4.5).

Special contractual clauses:

As conditions precedent to disbursement of the MIF's contribution, INTUR must demonstrate, to the Bank's satisfaction, that: (i) the Bank has approved the initial report containing the annual work plan for the first year of activities and the respective disbursement schedule prepared in accordance with the Bank's guidelines, which will serve as a basis for the preparation and evaluation of the progress reports; (ii) the initial proposed action plan for implementation of the SNCT; and (iii) it has signed the agreement for the transfer of resources from the Finance Ministry to INTUR.

Once INTUR has fulfilled all the conditions and general regulations for the first disbursement and has hired a project coordinator in accordance with Bank procedures, an amount of up to US\$20,000 will

be disbursed against the heading “administration” to cover part of the remuneration of the coordinator who will assist INTUR in activities to fulfill the conditions precedent (see paragraphs 9.1 and 9.2).

During execution, and as a condition precedent for the disbursement of funds for training SME entrepreneurs and employees and for training trainers (vouchers), INTUR is to present evidence, to the Bank’s satisfaction, of the following special conditions: (i) presentation of the Operating Regulations approved by the project’s executive committee; (ii) the final report on the system design and strategic plan for training approved by the project’s executive committee; (iii) the monitoring and follow-up system has been set up; and (iv) all the equipment has been installed and the necessary software has been developed.

**Exceptions to
Bank policy:**

None.